



# Sustainability Report 2018

## Foreword

Ladies and Gentlemen, dear friends of our Company,

We are pleased to present our seventh HOYER Group Sustainability report.

HOYER has given high priority to future oriented thinking and forward looking action since the company's foundation more than 70 years ago. To work already today on tomorrow's solutions – that is our aspiration. Building on our traditional values and sustainable principles, whilst at the same time keeping an open mind regarding new technologies and ground breaking strategies, continues to prove its worth.

We are using various measures to set our course towards a continuing sustainable, successful future in the logistics sector. This requires a watchful eye on sensitive markets just as much as the strategic management of future markets as we strive to further develop our services and geographical coverage. This report will explain to you how HOYER tackles the important topics of today and tomorrow whilst having the minimum possible impact on our planet, its population and our environment.

Digitalisation, if it can be harnessed, interpreted and turned into value (HOYER calls this smart logistics) has a huge potential to improve our efficiency, our quality, our customer service and our environmental performance. That is why it is one of the main focusses of HOYER's very significant investment plans for 2019 and the future.

Innovation that has a positive effect on our transport equipment and facilities, on our logistics services, and on our employees and their performance, is the other key area of focus and investment into a successful and sustainable future.

Because HOYER is a company that wants and expects to be a key provider of logistics solutions far into the future, instead of blindly following a plethora of market trends, we have decided to focus on initiatives with positive long-term business effectiveness. Our strategy is targeted to gain sustained positive corporate development rather than achieving short-term profits.

As one of the world's leading logistics specialists for liquid goods, handling and transport, we stand for quality oriented sustainable action – and our customers and partners appreciate us for that.

Our financial results are solid, which is due to the commitment and achievement of all HOYER employees and partners around the globe. I express my sincere thanks to all of them.

With warmest regards from Hamburg.



Thomas R. J. Hoyer  
Shareholder and Chairman of the HOYER Group Advisory Board



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# 1. Overview and Vision

We present our seventh HOYER Group Sustainability Report.

The HOYER Group, now in its 73rd year, is determined to continue to be a leading player in worldwide bulk transport and logistics for the long term. HOYER has been in business since 1946, and is in the privately owned hands of the second and third generations of our founder Walter Hoyer's family. HOYER will remain that way into the future as well.

The Hoyer family continues to recognise that the ways in which their company is owned, steered and managed are fundamental to achieving that objective. This is why measures are being taken to systematically prepare and introduce the third generation of shareholders and integrating them into the enterprise.

The Hoyer family also understands that in today's increasingly global marketplace, running their business in an environmentally and economically responsible way is critical to their people dependent, service oriented company continuing to be successful into the long term future.

This is why several years ago, HOYER decided to develop and introduce a Sustainability Policy, which makes commitments regarding how our company is run, sets out plans for the future and puts management and measurement systems in place to help us achieve our objectives.

The company thereby demonstrates its responsibility for its employees, its customers and the environment. HOYER is pleased to openly disclose its sustainability objectives so that stakeholders can hold the company and its management to account.

The Sustainability Policy and strategy focusses on three broad but business critical areas:

- Social Responsibility, both internal and external
- Protection of the Environment
- Economic Sustainability

The Policy makes commitments in nine key areas, with a range of targets and a measurement and monitoring system to manage our progress in all these areas.



At the top of our agenda are three critical areas.

1. Given the nature of the business we are in and the variety of dangerous products we carry around the world, the Health and Safety of our employees, of our business partners and of the general public and the protection of the environment are at the top of the list of the things we are absolutely committed to getting right in the way we run our business. This is increasingly important as we extend our business across the globe and into markets which are less mature than our historic heartland of Europe, and where the infrastructure and professional practise is sometimes less well developed. A special focus is also needed, in particular, on operations where we work with partners and providers, to ensure that these activities are executed in accordance with the same high standards we expect of ourselves.
2. Climate change continues to pose enormous challenges for business in general and for the transport and logistics industry in particular. Population growth and the economic development of some of the most populated countries of the world continue to place ever increasing demands and pressures on our planet. The drive for reductions in CO<sub>2</sub> emissions that are so essential to reduce the impact of global warming and all its consequences for our planet will undoubtedly continue to have repercussions for the transport sector. There is also an increasing focus on air quality, especially in and around cities and urban areas connected to the emission of potentially damaging particulates and noxious gases from vehicle diesel engines. These are things we will both have to cope with and respond to, which is why optimising our use of energy and managing our exhaust emissions is the second key focus of our strategy for a sustainable business. Our decision to proactively respond to the EU Energy Efficiency and Air Quality Directives, and the ESOS regulations are key actions already taken.
3. Our third main focus is on our people. And in the highly complex and demanding service industry in which we operate our people are our most important resource. Unfortunately a tightening of the labour market in mature countries, especially in and around major cities and industrial areas, has made attracting and retaining the right number and quality of personnel much more difficult and expensive. Having enough of the right people, taking care of our people and supporting them to perform at the highest possible level and develop their careers is the only way our business will survive and thrive for the long term. We are therefore evolving a number of existing strategies as well as introducing new initiatives to respond to this important and critical aspect of our business.

This report therefore sets out our targets for a sustainable business, makes comment on progress and provides detail of a variety of initiatives which are designed to improve our performance over the next few years.

## 2. Profile of the Company

HOYER is an independent family enterprise dating back to 1946 which has become one of the world's leading bulk logistics providers, offering comprehensive national and international transport services and complex logistics solutions to the chemical, food, gas and petroleum industries.

Around 6,200 employees in 115 countries across the globe help its customers to become even more successful in their respective markets, with the aid of bespoke and sophisticated logistics solutions.

HOYER operates around 40,300 tank containers, 2,200 trucks, 2,300 road tankers, 47,400 intermediate bulk containers, and numerous logistics facilities, transport depots, tank cleaning stations and specialist tank workshops.

### 3. HOYER Sustainability Policy



## The HOYER Sustainability Policy

Sustainability is commonly defined as meeting the needs of current generations without compromising the needs of future generations. HOYER considers the following key elements to set a strong sustainable approach throughout the company:

#### Social responsibility

- Adherence to all relevant applicable laws, directives and guidelines
- Promoting well-being and professional skills of employees
- Contributing to the communities in which we operate

#### Environmental protection

- Minimising impact of all operations on the environment
- Reducing carbon footprint of transport operations
- Optimising use of natural resources

#### Economy

- Continuously seeking to improve efficiency in all areas
- Looking for business growth based on principles of sustainability
- Promoting sustainable business with suppliers and customers

The HOYER Group is committed to Responsible Care® and sustainable logistics.

A handwritten signature in black ink, appearing to read "Ortwin Nast".

Ortwin Nast  
Chief Executive Officer

Hamburg, in December 2010

A handwritten signature in black ink, appearing to read "Gerd Peters".

Gerd Peters  
Chief Financial Officer

**HOYER**  
WHEN IT MATTERS ■

## Social Responsibility

Objectives	Description	Indicators
Adherence to all relevant applicable laws, directives, policies, guidelines and good practice	<ul style="list-style-type: none"> <li>▪ No child labour</li> <li>▪ No discrimination based on sex, age, ethnicity, nationality etc.</li> <li>▪ Observing the HOYER Code of Conduct</li> <li>▪ Modern Slavery Policy</li> <li>▪ Gender pay equality</li> <li>▪ Data Protection</li> </ul>	<ul style="list-style-type: none"> <li>▪ Age distribution of employees</li> <li>▪ Male/female ratio</li> <li>▪ Regularly updated HOYER Code of Conduct</li> <li>▪ Whistleblower cases</li> <li>▪ Gender pay reports</li> <li>▪ No. of data breaches</li> <li>▪ No. of slavery concerns</li> <li>▪ Annual GDPR Report</li> </ul>
Promoting well-being, professional skills, motivation and career development of all employees and key operational partners	<ul style="list-style-type: none"> <li>▪ Providing a safe and healthy environment for our employees</li> <li>▪ Analysing incidents, identifying causes and implementing corrective action and learnings</li> <li>▪ Implementing a yearly audit and follow-up plan</li> <li>▪ Developing risk assessments for all safety critical tasks and activities</li> <li>▪ Ensuring proper training plans for drivers, staff and managers</li> <li>▪ Variety of SHEQ initiatives and campaigns</li> <li>▪ Ongoing promotion of health and wellbeing</li> <li>▪ Periodic employee survey</li> <li>▪ Regular, open and inclusive communication and information to all employees, including employee feedback</li> <li>▪ Structural contracts and Service Level Agreements (SLA) with partners</li> </ul>	<ul style="list-style-type: none"> <li>▪ KPI personal injuries</li> <li>▪ KPI vehicle incidents</li> <li>▪ Reporting major incidents</li> <li>▪ Internal, external and major client audits/observations per year</li> <li>▪ Set annual targets for managers</li> <li>▪ Training days per white-collar employee</li> <li>▪ Training days per blue-collar employee</li> <li>▪ Training days per driver</li> <li>▪ HOYER Code of Conduct</li> <li>▪ Local wellbeing and health campaigns/initiatives</li> <li>▪ Take-up of early retirement and sabbatical possibilities</li> <li>▪ Employee survey results and follow up</li> <li>▪ Publication of newsletters</li> <li>▪ Management and Employee Development Programmes</li> <li>▪ Audits of key partners and observations of key partner activities</li> </ul>
Contributing to the communities in which we operate	<ul style="list-style-type: none"> <li>▪ Supporting charitable and social services for the communities in which HOYER operates</li> </ul>	<ul style="list-style-type: none"> <li>▪ Report by Friedel und Walter Hoyer Stiftung (Foundation)</li> <li>▪ Local budgets for community/employee support</li> <li>▪ Community news articles in HOYER 360°/HOYER People/Intranet</li> </ul>

## Environmental Protection

Objectives	Description	Indicators
Minimising impact of all operations on the environment	<ul style="list-style-type: none"> <li>▪ Avoiding pollution through safe operations</li> <li>▪ Implementing waste disposal at all sites</li> <li>▪ Reducing waste and increasing recycling</li> <li>▪ Waste water treatment in cleaning operations</li> </ul>	<ul style="list-style-type: none"> <li>▪ KPI spills and leaks</li> <li>▪ Amount of waste generated during cleaning operations</li> <li>▪ Amount of recycling</li> </ul>
Reducing carbon footprint of all operations	<ul style="list-style-type: none"> <li>▪ Expanding and encouraging use of intermodal transport</li> <li>▪ Measuring and implementing actions to reduce emissions</li> </ul>	<ul style="list-style-type: none"> <li>▪ % of intermodal transports</li> <li>▪ Emissions (CO<sub>2</sub>) per ton/km</li> <li>▪ % of Euro version tractor units</li> <li>▪ Reduction of empty movements and kms</li> <li>▪ Maximising vehicle payloads</li> </ul>
Optimising use of natural resources	<ul style="list-style-type: none"> <li>▪ Use of latest technology to minimise environmental impact of emissions from all our activities</li> <li>▪ Reducing fuel consumption/use of detergents/consumables/water</li> <li>▪ Energy management</li> </ul>	<ul style="list-style-type: none"> <li>▪ Energy consumption by cleaning operations, workshops/logistics facilities, offices</li> <li>▪ Fuel consumption</li> <li>▪ Water consumption</li> </ul>

## Economic Sustainability

Objectives	Description	Indicators
Continuously seeking to improve efficiency in all areas	<ul style="list-style-type: none"> <li>▪ Improving operational efficiency by sharing knowledge, using technology, digitalisation, experience and good practice</li> <li>▪ Sharing goals and learnings across the group</li> </ul>	<ul style="list-style-type: none"> <li>▪ Turnover</li> <li>▪ EBT</li> <li>▪ Investment</li> <li>▪ Resource and capacity utilisation</li> </ul>
Looking for business growth based on principles of sustainability	<ul style="list-style-type: none"> <li>▪ Long-term economic success</li> <li>▪ Good corporate governance (compliance with financial and legal requirements in the countries where HOYER operates)</li> <li>▪ Prudent and long-term investment and borrowing strategies</li> </ul>	<ul style="list-style-type: none"> <li>▪ Turnover</li> <li>▪ EBT</li> <li>▪ Investment</li> </ul>
Promoting sustainable business with suppliers and customers	<ul style="list-style-type: none"> <li>▪ Open dialogue with stakeholders</li> <li>▪ Fair treatment of customers and suppliers</li> <li>▪ Reviewing and reducing customer complaints, and implementing corrective action</li> </ul>	<ul style="list-style-type: none"> <li>▪ Commitment to Responsible Care® and action plans</li> <li>▪ KPI customer complaints</li> <li>▪ Service Level Agreements (SLA)</li> </ul>

## 4. HOYER Group Key Targets

- After a plateauing performance in the frequency of involvement in serious accidents and incidents in our transport operations it has become clear that our original target of achieving a 50 per cent reduction by 2020 is unrealistic. In 2018 the target was therefore revised to 25 per cent. The target to reduce incidents in our non-transport operations by 50 per cent remains something we believe, with a strong push to 2020, can be achieved.
- 25 per cent reduction in CO<sub>2</sub> emissions per tonne-kilometre by 2020

### Key Initiatives

- Optimising payload, transport flows, empty running and kilometres driven in transport operations, including exploiting the use of sophisticated logistics softwares, digitalisation and other related technologies to achieve this
- Migration of truck fleet to more than 95 per cent Euro 5 and Euro 6 engines
- Trialing of alternative cleaner fuel engines in our vehicles which produce significantly lower pollutant emissions
- Optimising truck fuel efficiency by maximising the potential of economical driver training and driver and vehicle performance monitoring systems (OTCs)
- Carriage of maximum tonnes of cargo by intermodal operations, using sea and rail to transport, especially over the longest distances
- Increase payload of selected intermodal operations by introducing tank containers designed and built from specialized lightweight composite plastic
- Creation of working groups better looking at and recommending use of emerging, maturing and increasingly affordable technologies which have the potential to engineer out many risks and reduce reliance on driver/operator skill and good behaviour
- A range of measures in our tank cleaning operations to reduce energy, water and waste water by up to 5 per cent per order using new and optimized heat recovery and waste water technologies
- A revised company car scheme with a focus on safety features, engine performance and fuel efficiency. Scale up options for certain company cars to be hybrid or all electric
- Increased driver training, management, audit and field spot checks of key hauliers (subcontractors) and agency (temporary) workers, especially in less mature countries
- Increased training of staff, including in modern logistics and customer service techniques
- Extensive development and roll-out of e-learning tools to improve performance and efficiency, whilst reducing the environmental impact of delivering the training
- Ongoing development of the HOYER Wellbeing Programme with a special focus on weight management and musculoskeletal problems in middle-aged drivers and other blue-collar workers
- Periodic running of an extensive employee survey
- Electronification of HR, finance and accounting documents used group-wide which reduces paper and other administrative costs and consumables
- The Friedel and Walter Hoyer Foundation demonstrates the Hoyer family's commitment to social responsibility through its ongoing funding of charitable, social and cultural activities in Germany and other foreign countries. The second and third generations of the family have pledged to continue this legacy that places a part of their business success back into society for a common good
- Local budgets established in each HOYER branch office to support employee voluntary work and projects in the community, and to sponsor voluntary and charitable deserving causes that are located close to our offices and depots

## Comment on 2018 figures

Despite an increasingly challenging business and operating environment the HOYER Group achieved a modest improvement in some key performance metrics in 2018, with frequencies for CO<sub>2</sub> emissions and serious incidents (HOYER labels them 'main incidents'), in both the transport and non-transport parts of our business, all reduced. The proportion of movements and kilometres travelled by the less polluting intermodal method of transport also increased for the first time in three years, back to the level of 2015.

Employee attrition and a shortage of skilled people in the general labour market, in particular drivers, and especially in and around major cities and industrial areas, is continuing to place significant pressure on maintaining the skills and experience needed for sustainable, mature and safe operations. Therefore, progress on important performance parameters and maintaining other parameters at similar levels to previous years is a very good result in the circumstances. That is also why training hours for both staff and especially directly employed drivers and our dedicated subcontractor drivers has been increased in 2018, with driver training and ongoing assessment time being at its highest ever level.

There is more to do to make improvements in some key parameters, in particular an improvement in the injury performance of our non-transport operations, especially in our cotac tank cleaning and repair workshop operations. Further improvements in incidents connected to vehicles on the road and when making deliveries is also a focus for 2019 and the future.

We are pleased that we have been able to reduce CO<sub>2</sub> emissions per tonne-kilometre to their lowest ever level as we strive to go below 20 per tonne-kilometre by 2020. Our fleet complement of vehicles powered by the most environmentally friendly emissions class Euro 6 compliant engines remains stable at just over three quarters with a number of our bigger country operations already at close to 100 per cent. We are confident that this figure will increase further in 2019 as Euro 5 engine vehicles are replaced in line with our long-term target of migrating more than 95 per cent of our fleet to Euro 6.

Key initiatives, driven by smart logistics techniques and supported by the use of big data, that are now critical to further improvements in maximizing payload, reducing empty kilometres and improving fuel consumption, are being intensified as we push towards achieving our 2020 targets.

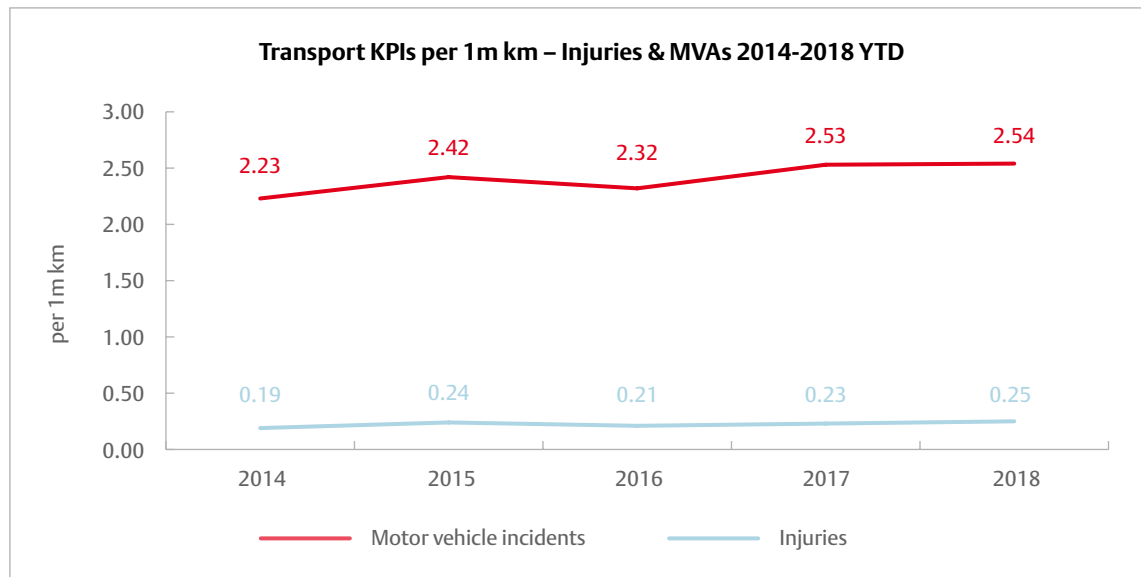
We are not complacent and continue to work hard to improve performance where progress needs to be made.

Based on the HOYER Group Safety, Health, Environment and Quality (SHEQ) Policy and the Sustainability Policy, a number of KPI's have been identified to monitor performance. The main ones are the following:

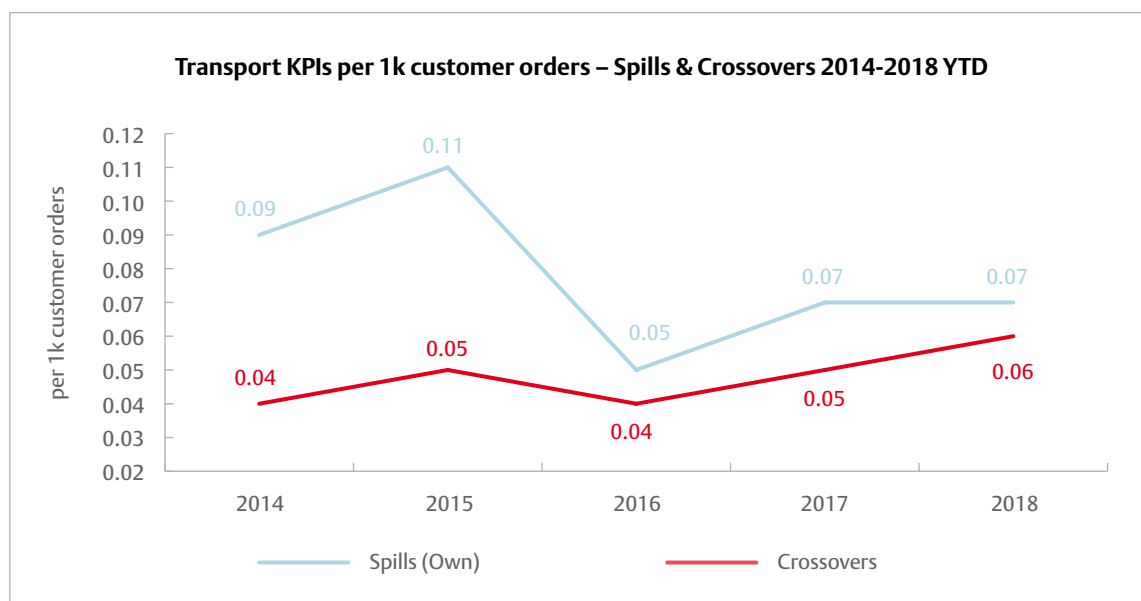


## 4.1 SHEQ KPIs for Transport and Non Transport

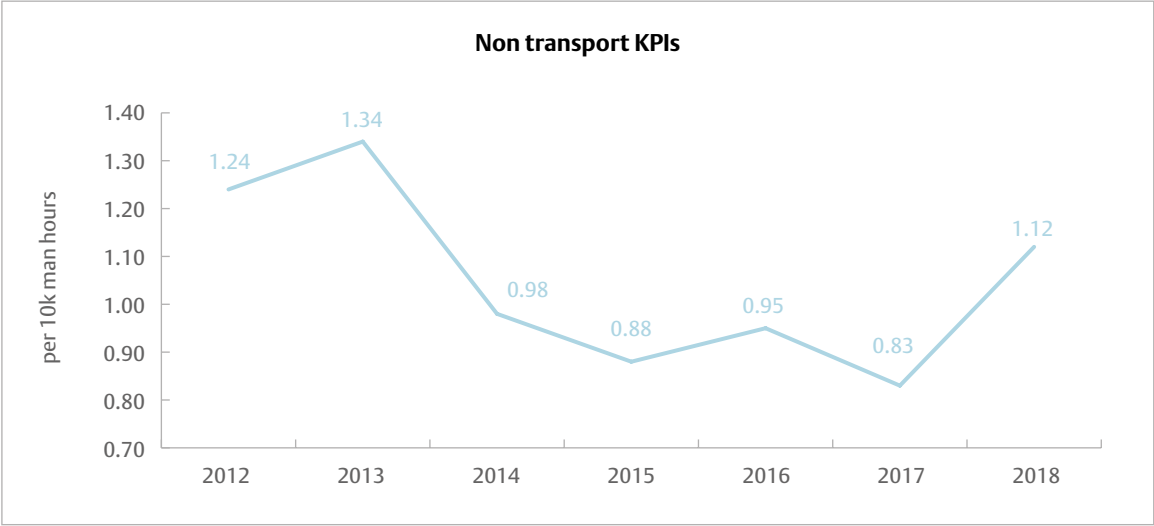
SHEQ KPIs Transport	2014	2015	2016	2017	2018
Motor Vehicle incidents (per 1m km's)	2.23	2.42	2.32	2.53	2.54
Injuries (per 1m km)	0.19	0.24	0.21	0.23	0.25



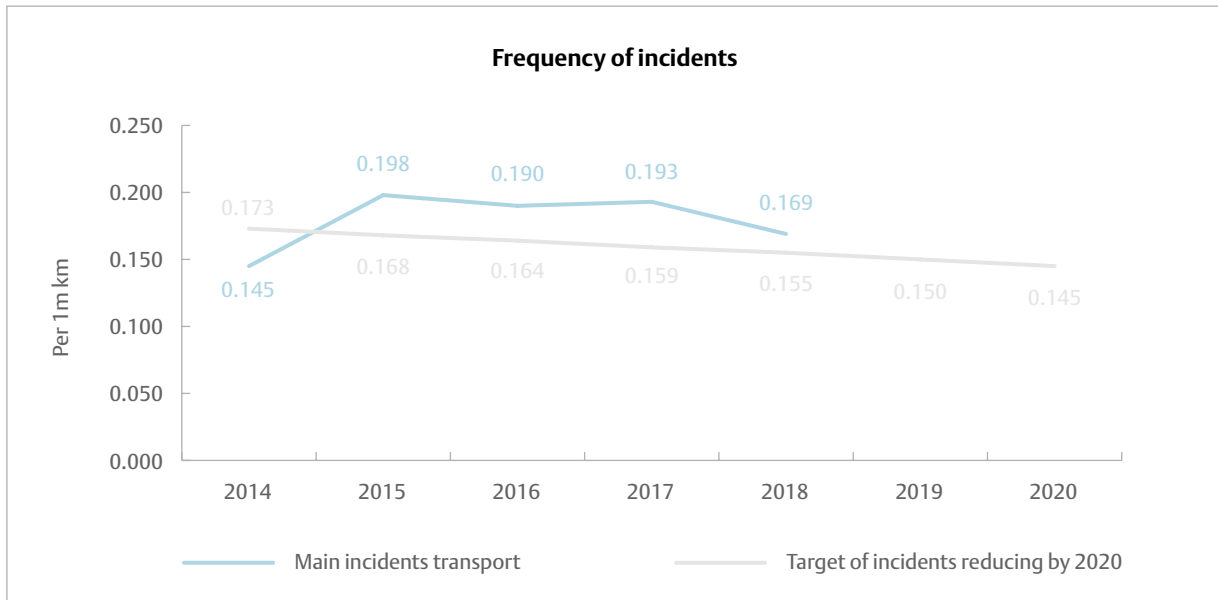
SHEQ KPIs Transport	2014	2015	2016	2017	2018
Spills (per 1k customer orders)	0.09	0.11	0.05	0.07	0.07
Crossovers (per 1k customer orders)	0.04	0.05	0.04	0.05	0.06



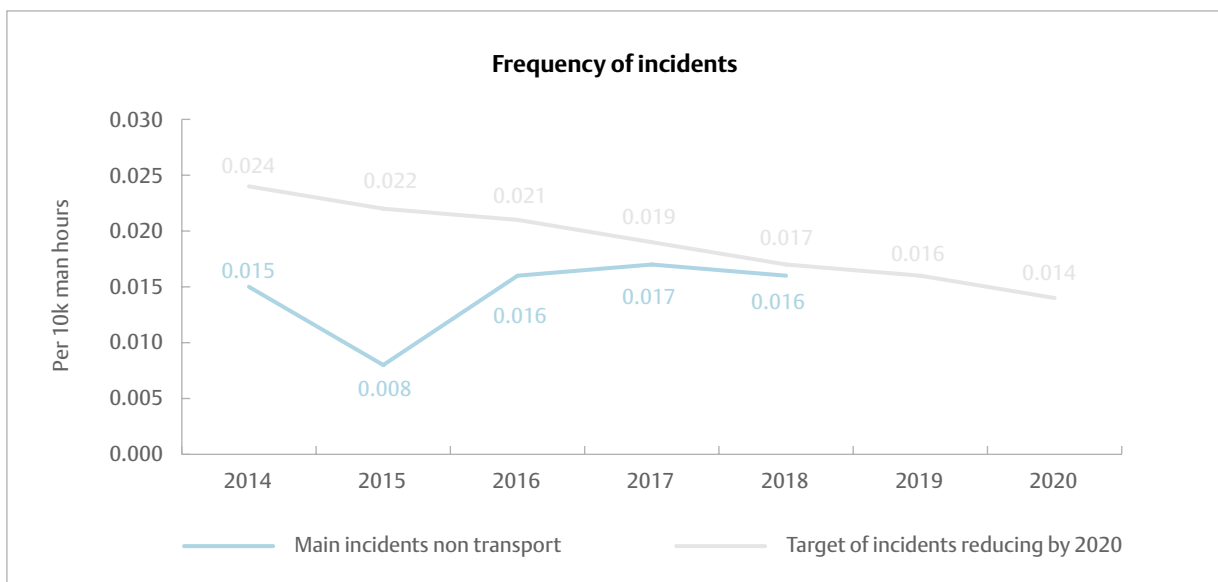
SHEQ KPIs Non Transport	2012	2013	2014	2015	2016	2017	2018
All incidents (per 10k man hours)	1.24	1.34	0.98	0.88	0.95	0.83	1.12



Main Incidents Targets Transport	2014	2015	2016	2017	2018	2019	2020
Main incidents targets	0.173	0.168	0.164	0.159	0.155	0.150	0.145
Actual main incidents	0.145	0.198	0.190	0.193	0.169		

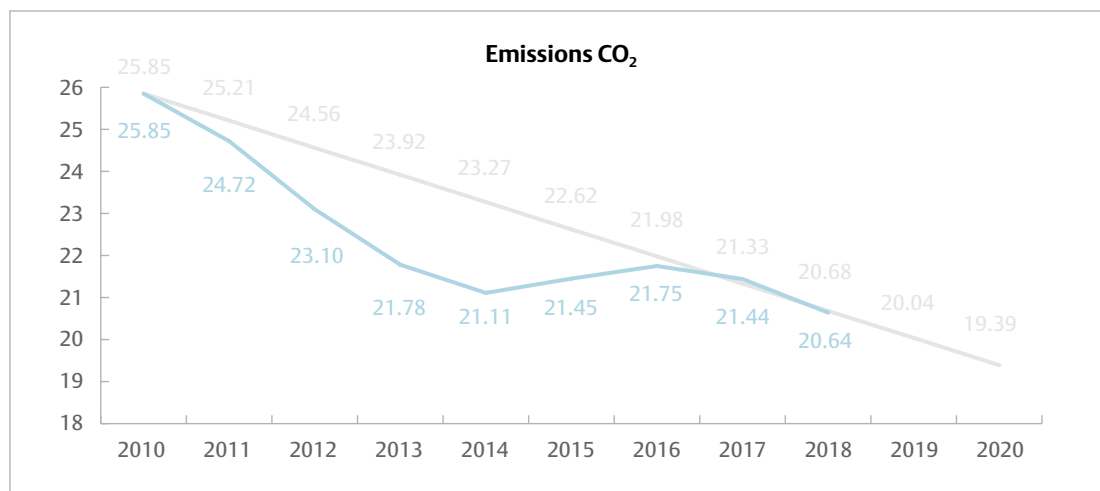


Main Incidents Targets Non Transport	2014	2015	2016	2017	2018	2019	2020
Main incidents targets	0.024	0.022	0.021	0.019	0.017	0.016	0.014
Actual main incidents	0.015	0.008	0.016	0.017	0.016		

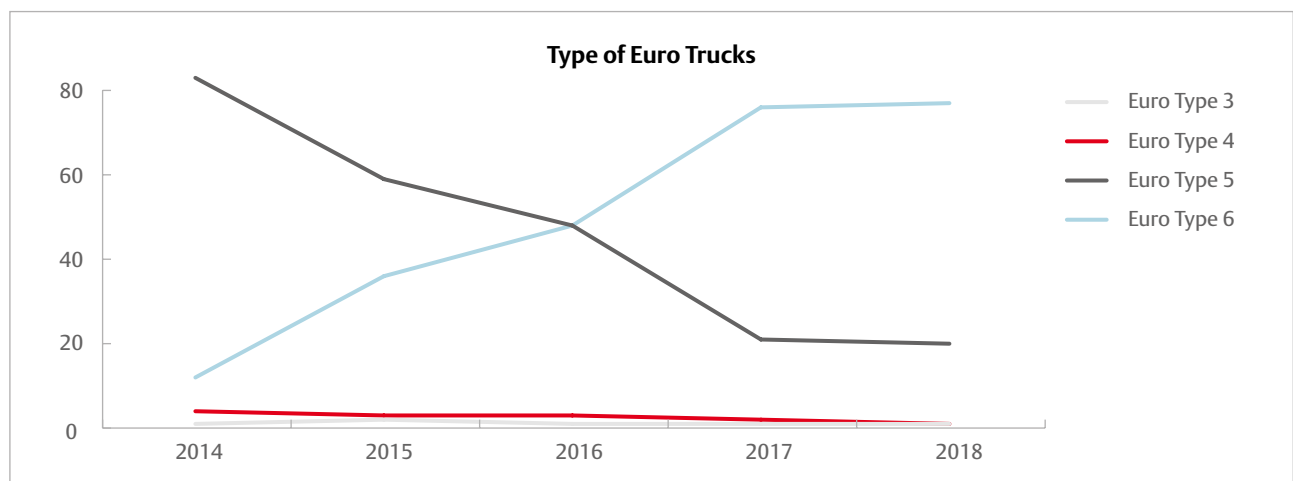


## 4.2 Environmental Protection KPIs

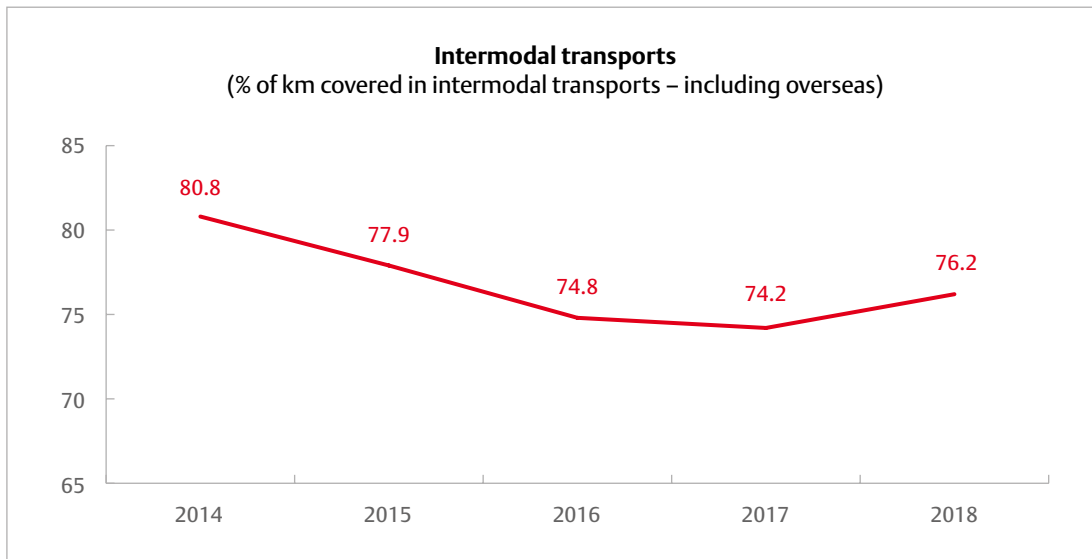
Environmental Protection KPIs Transport	2010	2011	2012	2013	2014	2015	2016	2017	2018
Emissions CO <sub>2</sub> (average g CO <sub>2</sub> / tonne-km – including overseas)	25.85	24.72	23.10	21.78	21.11	21.45	21.75	21.44	20.64
Emission CO <sub>2</sub> (tonne)	630,463	640,434	596,634	563,580	758,892	664,140	601,397	588,589	566,569



Environmental Protection KPIs Transport	2014	2015	2016	2017	2018
Type of Euro Trucks (%)					
< Euro 3 type	0	0	0	0	1
Euro 3 type	1	2	1	1	1
Euro 4 type	4	3	3	2	1
Euro 5 type	83	59	48	21	20
Euro 6 type	12	36	48	76	77

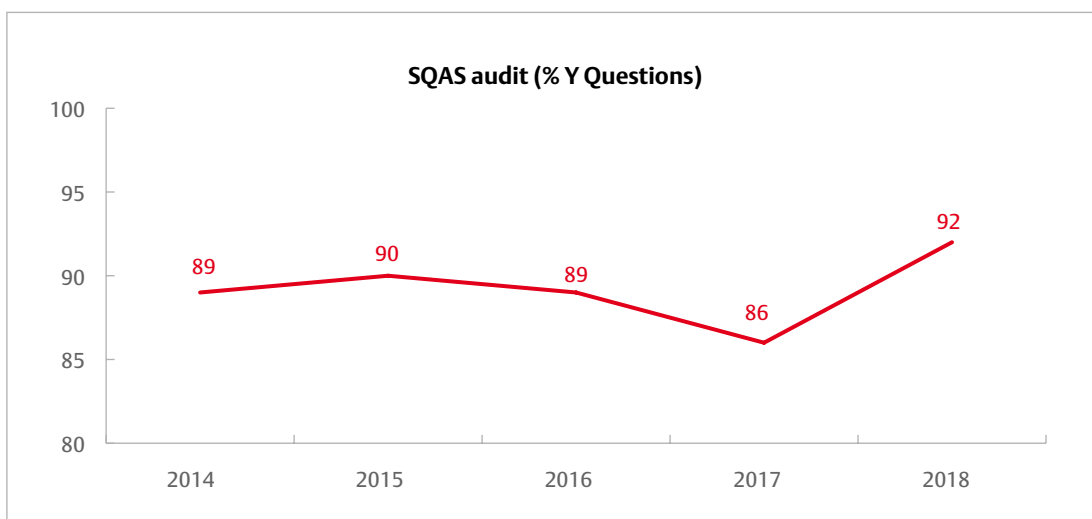


Environmental Protection KPIs Transport	2014	2015	2016	2017	2018
Intermodal transports (% of km covered in intermodal transports – Including overseas)	80.8	77.9	74.8	74.2	76.2

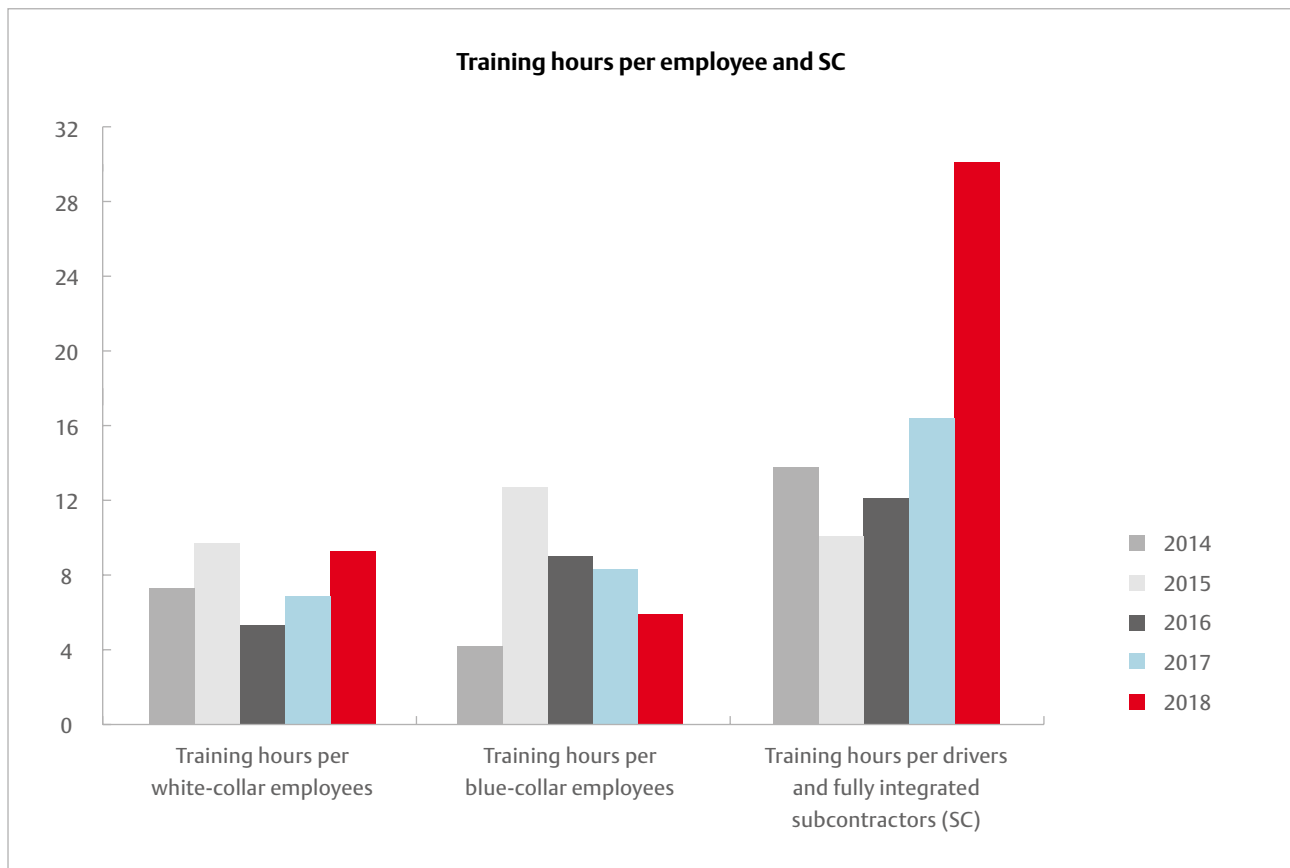


### 4.3 Social Responsibility KPIs

Social Responsibility KPIs	2014	2015	2016	2017	2018
Audits per year	46	47	29	53	104
SQAS Audit (% Y questions)	89	90	89	86	92



Social Responsibility KPIs	2014	2015	2016	2017	2018
Training hours per white-collar employees	7.3	9.7	5.3	6.9	9.3
Training hours per blue-collar employees	4.2	12.7	9.0	8.3	5.9
Training hours per drivers and fully integrated subcontractors (SC)	13.8	10.1	12.1	16.4	30.1



Social Responsibility KPIs	2014	2015	2016	2017	2018
Age distribution of employees (%)					
< 20	1.2	0.8	0.8	1.1	1.0
21–30	10.6	12.3	11.0	10.5	11.5
31–40	18.7	18.4	19.2	20.2	20.5
41–50	34.5	32.5	30.2	28.6	27.4
51–60	27.8	28.4	30.7	30.8	30.9
> 61	7.1	7.5	8.1	8.7	8.7
Male / female ratio in management position (%)	7	7	11	21	22
Code of Conduct violations (N)	1	2	7	9	5
Security breaches **	48	49	23	27	19

\*\* Security breaches: only minor incidents, mainly theft

## 5. About HOYER Reporting and Data

When the HOYER Group issued the Sustainability Policy in 2010 it also identified and introduced an initial range of important targets and KPIs to measure and monitor progress. These KPIs remain under constant review as we strive to find the best mix of measures to drive sustainable performance. We expect other KPIs will be added as we refine our system over time.

The definitions of KPIs mentioned in this report are self-explanatory. CO<sub>2</sub> emissions are calculated based on the ETCA Responsible Care method (McKinnon study). Due to the EU norm (EN 16258) published in 2013 related to the calculation of emissions in transport operations, we may need to adapt our reporting system in the future to bring it in line with any commonly adopted measures consistently used across Europe.



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